

Message Text

LIMITED OFFICIAL USE

PAGE 01 BRASIL 01236 211155Z

51

ACTION ARA-20

INFO OCT-01 ISO-00 AID-20 CIAE-00 COME-00 EB-11 FRB-02

INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 SPC-03

CIEP-02 LAB-06 SIL-01 OMB-01 SAM-01 NSC-10 SS-20

STR-08 CEA-02 L-03 H-03 PA-04 PRS-01 USIA-15 INT-08

SCI-06 FEA-02 FS-01 ABF-01 DRC-01 /183 W

----- 118956

R 211150Z FEB 74

FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC 1909

INFO AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

LIMITED OFFICIAL USE BRASILIA 1236

E.O. 11652: N/A

TAGS: EFIN BR

SUBJ: CRUZEIRO DEVALUED AGAIN

REF: BRASILIA 736

1. BRAZIL'S CENTRAL BANK ANNOUNCED 1.825 PERCENT DEVALUATION OF CRUZEIRO VIS-A-VIS US DOLLAR EFFECTIVE FEBRUARY 20, 1974. NEW RATES ARE 6.415 FOR BUYING AND 6.455 FOR SELLING DOLLARS. WITH THIS SECOND DEVALUATION, THE CRUZEIRO HAS ALREADY BEEN DEPRECIATED BY 3.81 PERCENT IN 1974.

2. COMMENT: SECOND DEVALUATION FOR 1974 COMES ONLY 20 DAYS AFTER THE FIRST, THE SHORTEST PERIOD BETWEEN RATE CHANGES SINCE NOVEMBER 1968. WHILE THIS MAY NOT NECESSARILY INDICATE A TREND FOR REST OF YEAR, IT APPEARS TO SHOW THAT AUTHORITIES ARE ANXIOUS TO OFFSET IMPACT ON COMPETITIVENESS OF BRAZILIAN EXPORTS OF RECENT APPRECIATION OF DOLLAR (SINCE CRUZEIRO IS PEGGED TO DOLLAR, APPRECIATION OF DOLLAR TENDS TO

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 BRASIL 01236 211155Z

HURT BRAZILIAN EXPORTS). IT IS

ALSO POSSIBLE THAT BRAZILIAN AUTHORITIES MAY HAVE DECIDED TO
SPEED UP RATE OF CRUZEIRO DEVALUATIONS SO AS TO PROVIDE
ADDED PUSH TO EXPORTS AS A WAY TO HELP PAY FOR HIGHER
PETROLEUM IMPORT BILL.
CRIMMINS

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FOREIGN EXCHANGE RATES, DEVALUATIONS, CRUZEIRO
Control Number: n/a
Copy: SINGLE
Draft Date: 21 FEB 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: MorefiRH
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974BRASIL01236
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: BRASILIA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740219/aaaaarpj.tel
Line Count: 66
Locator: TEXT ON-LINE
Office: ACTION ARA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: BRASILIA 736
Review Action: RELEASED, APPROVED
Review Authority: MorefiRH
Review Comment: n/a
Review Content Flags:
Review Date: 10 SEP 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <10 SEP 2002 by kelleyw0>; APPROVED <10-Sep-2002 by MorefiRH>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: CRUZEIRO DEVALUED AGAIN
TAGS: EFIN, BR
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005